

1.2 Room 1 (Jintan): Issues in Employee Turnover

Linking Pay Satisfaction to Actual Voluntary Turnover: The Mediating Role of Perceived Alternative Job Opportunities

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Abstract

While prior research has established a significant and negative relationship between pay satisfactions to actual voluntary turnover, however, the fundamental reason behind this relationship is less clear. Drawing upon social exchange theory and social interdependence theory, this study proposed perceived alternative job opportunities as a fundamental reason or mechanism in the relationship between pay satisfactions to actual voluntary turnover. Using a sample of 216 former academic staff from public universities in Nigeria, results from partial least square path modeling showed that pay satisfaction was negatively related to actual voluntary turnover. Additionally, results demonstrated that perceived alternative job opportunities mediated the relationship between pay satisfactions to actual voluntary turnover.

Keywords: Actual voluntary turnover, pay satisfaction, perceived alternative job opportunities, Social exchange theory, PLS modeling

1. Introduction

For the past years, actual voluntary turnover (AVT) has become a subject of huge concern among practitioners and researchers of organisational behaviour (Allen, Bryant, & Vardaman, 2010; Hancock, Allen, Bosco, McDaniel, & Pierce, 2011) and still remains a phenomenon of widespread attention and interest (Hom, Mitchell, Lee, & Griffeth, 2012; Huffman, Casper, & Payne, 2014; Law,

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2010; Maertz, & Kmitta, 2012; Maynard & Parfyonova, 2013). Despite the severe consequences created by it, employers globally are constantly facing increasing rate of voluntary turnover. For example, the latest statistical report from the USA Bureau of Labour Statistics revealed that about 25million employees annually engage in actual voluntary turnover (Micelli, 2013). On same note, Von Hagel and Miller, (2011) pointed out that for every IT employee who leaves an estimated amount of between USD200,000 and USD250,000 is expended in recruitment and replacement of departed workers. Similar to the western nations, actual turnover is also a major concern for employers in the developing world. Nigeria as a developing country has also not been spared by this phenomenon (Mba & Ekeopara, 2012). Of recent the issue of high turnover in Nigeria's higher educational sector especially university system has become a topic of discourse widely captured in the Nigerian media (Fatunde, 2013; Ojo, 2012). In the beginning, public universities in Nigeria laid justifiable claim to phenomenal influence on the economic and socio-political development of the country. These universities compared very favourable with the best universities across the world (Ekundayo & Ajayi, 2009), and boasted of the best teaching staff. But, unfortunately today, they are grappling with the challenges of high turnover (Abiodun-Oyebanji, 2012) and yet, only little has been done about it.

Due to the costly and pervasive posture of actual voluntary turnover, a number of factors have been suggested as its predictors. To date, some of the predictors include job satisfaction, organizational commitment, job stress, demographic, organizational factors (Harris & Adams, 2007; Hom et al., 2012; Law, 2010; Mobley, 1977). However, one of the key predictors found to influence actual voluntary turnover is pay satisfaction, defined as the overall negative or positive feeling or affect that an individual has towards his or her pay (Miceli & Lane, 1991), and a vital indicator of the relative willingness of an employee to stay with or to leave his/her employer (Currall, Towler, Judge, & Kohn, 2005; Tekleab, Bartol, & Liu, 2005). In his discussion on turnover as an individually motivated choice behavior Campion, (1991) suggested that pay plays an important role in actual voluntary turnover reduction. More so, scholars have reported a negative relationship between pay satisfaction and actual voluntary turnover in a variety of studies (e.g. Borman & Dowling, 2008; Goldhaber, Gross, & Player, 2011; Griffeth, Hom & Gaertner, 2000; Heneman & Schwab, 1985; Panaccio, Vandenberghe, & Ayed, 2014; Stanz & Greyling, 2010). Yet, despite the above mentioned empirical studies on the role of different constructs in shaping the behaviours of employees, extant literatures indicate that less attention has been paid to the effects of pay satisfaction may have on actual voluntary turnover.

2. Literature Review

2.1 Pay satisfaction and actual voluntary turnover

Pay satisfaction has been identified as an important area of consideration in understanding behaviour because of its ability to shape the way individuals behave at the workplace (Carragher 2011; Scarpello & Carragher, 2008; Williams, Brower, Ford, Williams & Carragher, 2008; Williams, McDaniel & Ford, 2007). It represents one of the most vital and influential organizational exchange relationships. For employees, satisfaction with one's pay plays a significant role in his/her social and economic wellbeing (Currall, Towler, Judge, & Kohn, 2005; Tekleab, Bartol, & Liu, 2005; Vandenberghe & Tremblay, 2008; Weiner, 1980; Williams, McDaniel & Nguyen, 2006) and this is evident in the way of meeting employees' basic needs of life and improving their standards of living (Rynes, Gerhart & Minette, 2004). Employers therefore have vested interest in seeing their members satisfied with their pay (Heneman, & Schwab, 1985; Judge, & Welbourne, 1994). This is because satisfaction with one's pay could act as an important determinant that may help organizations achieve their aims and objectives (Rynes et al., 2004).

Notwithstanding the aforementioned evidences supporting a negative link between pay satisfaction and turnover (e.g. Panaccio et al., 2014), still, extant literatures indicate that there is a paucity of studies on the influence of pay satisfaction on actual voluntary turnover. In an effort to able the better understanding of the influence of pay satisfaction on actual voluntary turnover, the present study draws upon the social exchange theory (SET) (Blau, 1964). SET proposes that when an employee's work environment allows the establishment of a high quality exchange relationship between employers and employees, it can create a sense of obligations, and these employees are more likely

to reciprocate these obligations in a positive and beneficial way. Because they are typically able to perceive that organizations recognize and value their hardship, contributions and efforts (Settoon, Bennett, & Liden, 1996) thereby offering them a type of relationship to engage less in actual voluntary turnover. Theoretically, favourable exchange relationships should make employees to reciprocate compensation received from the organisation with positive work outcomes (Bagtasos, 2011) such as less involvement in actual voluntary moves (Salleh & Memon, 2015).

More so, the robust effects of pay satisfaction on AVT have been reported in a variety of studies (e.g. Borman & Dowling, 2008; Goldhaber, Gross, & Player, 2011; Griffeth et al., 2000; Heneman & Schwab, 1985; Panaccio et al., 2014; Stanz & Greyling, 2010). For example, Amey (1992) found that 49 percent of male academic staff and 27 percent of female academic staff cited pay as the primary reason for leaving the university. Similarly, in a recent study by Panaccio et al., (2014) that explored the mediating role of continuance and affective and commitment in the relationship between pay satisfaction and voluntary turnover, among a sample of 509 human resource management (HRM) professionals, collected at two points. The results of their research suggested that pay satisfaction was significantly and negatively linked to actual voluntary behaviour of HRM professionals. These results are in line with that of Cropsey, Masho, Shiang, Sikka, Kornstein, and Hampton's (2008) study that investigated the reasons for turnover among one hundred and sixty former faculty members of a university medical school, Virginia USA. The exited employees were asked to complete a survey providing reasons why they left. Results of the study found a significant and negative relationship between pay satisfaction and actual voluntary turnover among all categories of academic staff. Similarly, meta-analytic results also show pay satisfaction was modestly and negatively related to turnover (Griffeth et al., 2000). In this study, we therefore expect to find a direct and negative relationship between pay satisfaction and actual voluntary turnover. Based on the theoretical and empirical evidences discussed above, the following is thus hypothesized:

H1: Pay satisfaction would be negatively related to actual voluntary turnover

2.2 Pay satisfaction, perceived alternative job opportunities and actual voluntary turnover

The proposed model proposes that the effect of pay satisfaction on actual voluntary turnover is mediated through perceived alternatives job opportunities. Such a framework is important for a number of reasons. First, despite the aforementioned empirical studies on the role of pay satisfaction in shaping employee behaviour, literatures indicate that less attention has been paid to the fundamental reason why pay satisfaction influences actual voluntary turnover. Studies have further revealed that the exact mechanisms or processes through which pay satisfaction is likely to influence actual voluntary turnover behaviour remain rather unclear and are only partially addressed (Dailey & Kirk, 1992; DeConinck & Stilwell, 2004; Panaccio et al., 2014; Vandenberghe & Tremblay, 2008). That is, less attention has been paid to the effects of why pay satisfaction may influence actual voluntary turnover through a mediator. In spite of the assertion that most contemporary turnover theories describe voluntary turnover as a process with mediating links (Horn & Griffeth, 1995; Mobley, 1977) and the fact that meta-analytic studies have also found that the correlation between turnover and other variables is higher relative to its relationship with pay satisfaction, indicating the possibility of mediation (Griffeth et al., 2000). Yet, only a few tested mediated relationships (e.g. Allen & Griffeth; Hui & Law, 1999) and unfortunately the few largely addressed intention (Salleh & Memon, 2015; Lance, 1991; Vandenberghe, & Tremblay, 2008) rather than actual turnover (Panaccio et al., 2014). Here, it is argued that perceived alternative job opportunities, defined as the availability of alternative employment in the external labour market (Lee, Gerhart, Weller, & Trevor, 2008; March & Simon, 1958; Thatcher, Stepina & Boyle, 2002) and generally described as an individual's belief that he/she can obtain satisfaction from an alternative job (Gerhart, 1990; Thatcher et al., 2002) may be a key mechanism to unravel why pay satisfaction reduces actual voluntary turnover.

Secondly, and most particularly, this study draws upon the social interdependence theory (Kelley & Thibaut, 1978; Thibaut & Kelley, 1959) as a means of understanding how and why perceived alternative job opportunities is likely to mediate the link between pay satisfaction and AVT. Social

interdependence theory makes important distinctions between satisfaction and comparison level for alternatives. The theory further proposes that people develop two comparison levels and that with every relationship there is an outcome in the forms of rewards and costs. Accordingly, a cost refers to anything that reduces an individual's relationship satisfaction, whereas a reward is anything that heightens an individual's relationship satisfaction. These comparison levels for alternative jobs serve as the standards against which outcomes are compared. These represent what the employee uses in deciding to stay in or leave the relationship, in light of what he/she is likely to get elsewhere in another relationship. Following social interdependence theory, we argue here that when employees' comparison levels are below the level of outcomes experienced in the current organisation, employees are satisfied with their pay. On the other hand, when the comparison level is higher than outcomes experienced in the current organisation, the employees become dissatisfied with their pay and this should shape the way they behave in the current organisation. Hence, a job market with plentiful alternative jobs, most of which may offer better or more outcomes than the present employer, should theoretically raise the comparison level for alternative jobs resulting in higher actual voluntary moves. Contrasting, a tight labour market that offers scarce and perhaps poor job alternatives should lower the comparison level for alternative jobs resulting in lesser actual voluntary turnover. In other words, the reasoning here is that PAJO may be the fundamental reason pay satisfaction predicts actual voluntary turnover. This line of argument is agreement with the tenets of social interdependence theory that an external job market that offers fewer job alternatives should raise the pay satisfaction levels experienced by employees in their current organisation and lesser actual exit (Rusbult, Farrell, & Mainous, 1988).

Finally, prior studies that tested PAJO found that it is an important mediator, some of the few studies include, a study by Allen and Griffeth (2001) that tested a mediated performance-turnover link, while highlighting the moderating effects of reward contingency and visibility among employees of a medical services organisation in South-eastern part of USA. Turnover data were collected from organisational records of 130 survey participants. The results of the analysis using structural equation modeling with LISREL 8 found a mediated relationship that is equivocal. Hui and Law (1999) also conducted a study that contrasted the mediating effects of leader-member exchange (LMX) with the effects of perceived alternative job on the link between negative affectivity, organizational citizenship behaviour (OCB) and inrole performance among 126 supervisors and 392 subordinate supervisors in one of the largest battery manufacturing outfit in Asia. The results of the study revealed that perceived alternative job mediated the link between negative affectivity and OCB. On a similar vein, Muchinsky and Morrow (1980) investigated the influences of work-related, individual and economy opportunities on turnover. Results of their study found that PAJO mediated the relationship between work-related, individual factor and voluntary turnover. Drawing upon social exchange theory, social interdependence theory and the foregoing, we thus hypothesize that:

H2: Perceived alternative job opportunities would mediate the relationship between pay satisfaction and actual voluntary turnover

3. Methodology

In order to achieve accuracy of obtaining a representative population for this study, different techniques were employed in determining the sample size (Dillman, 2000; Krejcie & Morgan, 1970). However, the sample size for this study is based on the suggestion of Dillman (2000) as it offers a more representative of the target population. Main study was conducted two weeks after the pilot study. Disproportionate stratified sampling method was used to collect data from academic staff that had formerly been employed by public universities in Nigeria and are currently teaching in private universities in the southern parts of Nigeria. A sampling technique is described as being disproportionate when the sample elements are taken from each stratum regardless to any specific percent, but, rather based on number of the sample elements in each of the stratum. As a result, this research utilised disproportionate stratified sampling to ensure that each university is appropriately represented with adequate number of respondents. Applying disproportionate stratified sampling strategy in this research is deemed appropriate because it has been applied in prior studies (Ibrahim & Embat, 2012; Mat & Naser, 2012).

The survey questionnaire comprised the measures pay satisfaction, perceived alternative job opportunities and actual voluntary turnover. Participants received a questionnaire package through the administrative officers at the respective offices of their heads of department, who introduced the researcher and two researchers to departmental heads and solicited their support for the research. Pencils and biros were added to each questionnaire package as a token of appreciation for participating. To protect the confidentiality of responses from all participants, a statement on the survey questionnaire stated that participation was voluntary, and that responses will be treated confidentially and anonymously. Participants were asked to return the completed questionnaires into the provided envelopes directly to the administrative officers at the respective offices of their heads of department two weeks after receipt. 389 questionnaires were distributed to former academic staff. Out of the questionnaire 243 responded, representing 62 percent response rate. On evaluation, 25 questionnaires were found incomplete and were therefore not used for the study. Following screening and cleaning, the present study obtained a final analytic sample of 216.

4. Measures

4.1. Actual voluntary turnover

Seven items from Campion (1991) were used to measure actual voluntary turnover. Ratings were completed on a four-point scale, ranging from '1' "Strongly disagree" to '4' "Strongly agree." Examples of items include "It was entirely my decision to leave my former university", "Informally; I was encouraged to leave my former university. The rationale for tapping items from Campion (1991) was because it has been reported to be reliable in prior studies. For example, Morrell & Arnold, (2007) reported a coefficient alpha of above 0.70

4.2. Pay satisfaction

Pay satisfaction is operationalised as the extent to which faculty members were satisfied with their pay at their former universities. We used a 13-item scale to measure pay satisfaction. Items were adapted from Heneman and Schwab's (1985) Pay Satisfaction Questionnaire (PSQ) scale. But five items were dropped because they were deemed irrelevant to former university faculty members in the Nigerian context. An example of item dropped include "My most recent raise." All items were anchored by a four-point Likert scale, ranging from ranging from '1' "Strongly disagree" to '4' "Strongly agree." Sample items include: "My take-home pay at my former university", "My last drawn salary at my former university", and "The way my raises were determined at my former university". The scale has been used in past studies and has produced satisfactory alpha coefficients of 0.95 (e.g. Vandenberghe & Tremblay, 2008).

4.3. Perceived alternative job opportunities

Perceived alternative job opportunities were measured by a ten-item scale from Griffeth, Steel, Allen, and Bryan's (2005) Employment Opportunity Index (EOI). All the participants were rated on the items, using a four-point Likert scale, ranging from '1' "Strongly disagree" to '4' "Strongly agree." Examples of items used include: "I had a far-reaching network of contacts which helped me find out about my present opportunities" and "I had contacts in other universities who helped me lined up for the current job". "By and large, the job I got after I left my previous university is superior to the job I had". We used the scale because it is a globally accepted instrument and has been used in a variety of contexts and all have reported a Cronbach's alpha of above 0.7 (e.g. Kinnunen, Mäkikangas, Mauno, Siponen, & Nätti, 2011; Morse, Weinhardt, Griffeth, & de Oliveira, 2014; Steel & Landon, 2010).

5. Results and Discussion

5.1. Descriptive analysis

The descriptive analysis is based on a sample of 216 former academic staff. Of 216 participants, 67.4 percent were male respondents with an average age of 41.09 (SD = 7.0), average length of service at the current and previous universities are 1.63 year (SD = .69) and 6.8 years (SD = 4.1) respectively. More than half had a master's degree (66.2%) while 10.6 percent had a bachelor's degree and 18.1 percent a doctorate degree. The remaining 5.1 percent had other forms of qualification. A total of 7.4 percent of respondents were single or divorced and 92.6 percent were married.

5.2. Measurement model

To determine the construct validity of the model, the present study used the two-step Structural Equations Modeling approach that has been recommended by Anderson and Gerbing (1988). Applying Anderson and Gerbing's (1988) approach we first, evaluated the convergent validity and internal reliability for constructs. Next, we assessed the discriminant validity of constructs as shown in Table 1 and 2, respectively. As a statistical rule of thumb, the suggested values for cross loadings, composite reliability and Cronbach's alpha coefficient is 0.7 and above while for average variance extracted the value should be above 0.5 (Bagozzi, Yi, & Philips, 1991; Fornell & Larcker, 1981).

Likewise, to ascertain the discriminant validity of construct, Fornell and Larcker (1981) recommended that the average variance shared between individual construct and its measure should be greater than the variance shared between the construct and the other constructs. As illustrated in Table 1, the values for average variance extracted (AVE) have exceeded the suggested value of 0.5 set in the previous research (Chin, 1988). On same note, values for composite reliability exceeded the recommended threshold of 0.7 (Geffen, Straub & Boudreau, 2000) and factor loadings also exceeded the recommended value of 0.7 and above (Hair, Black, Babin, & Anderson, 2012), indicating that the measurement model has attained satisfactory convergent validity and internal reliability (Hair et al., 2012).

Table 1: Measurement Model

Constructs/indicators	Loading	Composite reliability (CR)	Average variance extracted (AVE)
Actual voluntary turnover		0.893	0.546
AVT01	0.609		
AVT02	0.634		
AVT03	0.774		
AVT04	0.786		
AVT05	0.818		
AVT06	0.788		
AVT07	0.733		
Perceived alternative job opportunities		0.899	0.526
PA01_1	0.671		
PA02_1	0.764		
PA03	0.727		
PA04_1	0.678		
PA05_1	0.765		
PA06_1	0.689		
PA07_1	0.718		
PA08_1	0.782		
Pay satisfaction		0.860	0.507
PS02_1	0.744		
PS03	0.629		
PS04	0.767		
PS05	0.695		
PS12	0.724		
PS13	0.704		

Table 2: Discriminant Validity

		1	2	3
1	Actual voluntary turnover	0.739		
2	Pay satisfaction	-0.595	0.712	
3	Perceived alternative job opportunities	0.622	-0.698	0.711

Note: Diagonals represent the square root of the average variance extracted (AVE) while the other entries represent the correlations.

5.3. Structural model

Having ascertained the reliability and validity of the measurement model next is the structural model. The results are presented in Figure 1, 2 and Table 3 and 4. The R² value is 0.437 which suggest that the modelled constructs can explain 44% of the variance of the actual voluntary turnover. Table 3 depicts the relationship between pay satisfaction and actual voluntary turnover. Findings reveal a significant and negative link between pay satisfaction and actual voluntary turnover ($\beta = -0.31$; $p < 0.001$). Similarly, the present study also suggested an indirect effect model, in which the relationship between pay satisfaction and AVT is mediated by PAJO. A mediating variable is expected to "account for the relation between the predictor and the criterion" and often guided by the causal steps according to Baron and Kenny (1986, p.1176). However, the Baron and Kenny casual steps approach has been criticized. The problem with regard to this approach is that indirect effects are not estimated based on tests of the product term (ab) but rather inferred from a set of tests on their constituent paths (Hayes, 2009).

Most importantly, recent studies by Hayes, (2009) and Preacher, Rucker and Hayes (2007) demonstrate the advantage of not focusing on the individual paths in the mediation model, but to focus on the indirect effect of the independent variable on the dependent variable through the mediator, which is quantified as the product term ab . The statistical significance of ab is most commonly ascertained by Sobel test which compares the ratio of ab/\sqrt{ab} to a critical value from the standard normal distribution. But, the Sobel test has a major limitation (Hayes, 2009), because it is based on the proposition that the sampling distribution of the indirect effect is normal.

So, rather than relying on p -values of the Sobel test (1982), a more reasonable and powerful approach is to get bootstrapped indirect effects (Hayes, 2009; Preacher & Hayes, 2008). Bootstrapping has the advantage of building indirect effect and confidence intervals for the indirect effect by empirical approximation of the sampling distribution (Hayes, 2009; Preacher & Hayes, 2008). If zero is not between the lower and upper limit of the bootstrapped confidence interval, the indirect effect is regarded as being significant. Preacher and Hayes (2008) particularly recommend bias-corrected bootstrapping for testing indirect effects and this study follows their strategy. So in agreement with findings of the product-of-coefficients strategy, PAJO is a significant mediator of the pay satisfaction – actual turnover relationship, as the confidence interval does not contain zero $\{-0.329, -0.234\}$ as shown in Table 4.

Figure 1: Results of the structural model with full effect

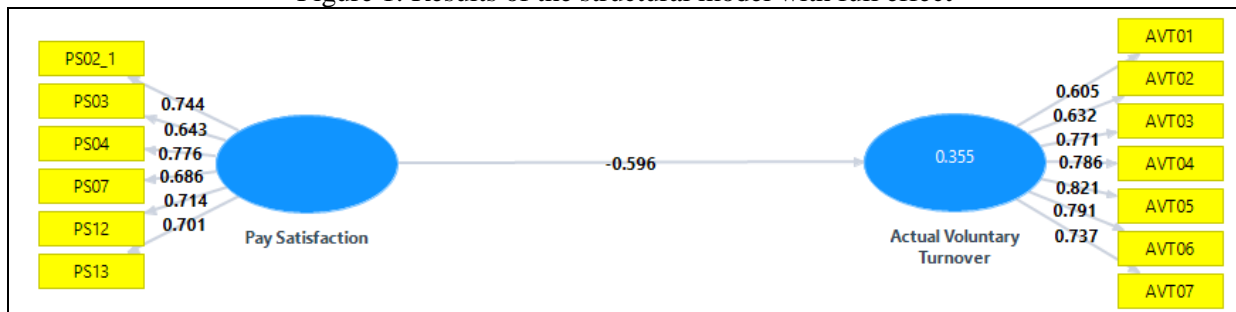


Figure 2: Results of the structural model with a Mediation design

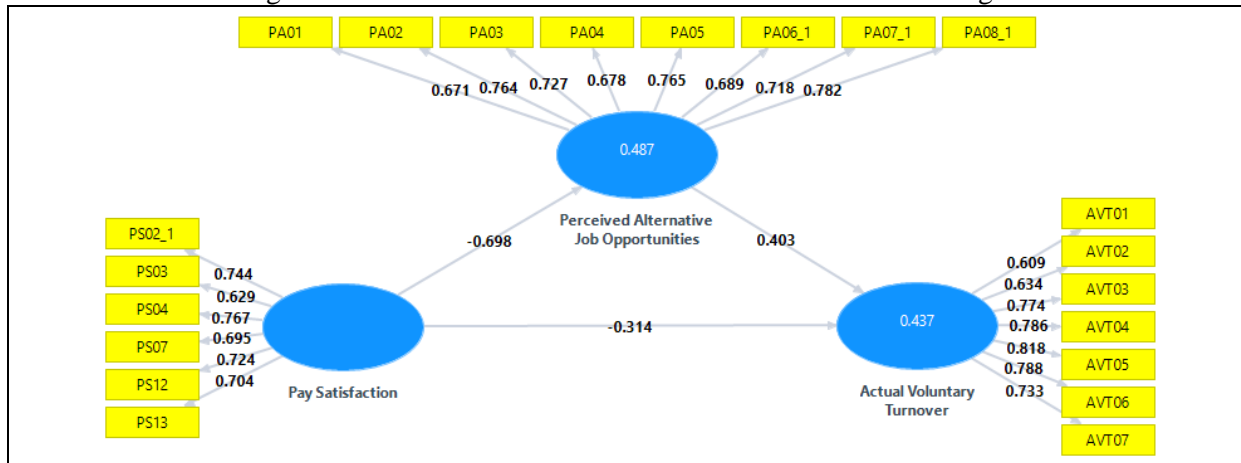


Table 3: Direct Effect Results

Hypothesis	Relations	Beta	SE	t-value	p-value	Findings
H1	Pay satisfaction	-0.314	0.078	3.998	0.000	Supported

Table 4: Indirect Effect of Pay satisfaction on Actual Voluntary Turnover

Hypothesis	Path a	Path b	Indirect Effect	SE	t-value	Bootstrapped Interval	Confidence
						95% LL	95% UL
H2	-0.698	0.403	-0.281	0.024	-11.663	-0.329	-0.234

Note: * $p < .05$, ** $p < .01$, *** $p < .001$ (one-tailed test), Endogenous Latent Variable: Actual voluntary turnover (R^2) = 44%

5.4 Discussions

The first objective of this study is to examine if pay satisfaction is negatively related to actual voluntary turnover. In pursuant of this objective, hypothesis was tested and the results of the testing support the relationship. Hence, this result is in conformity with the findings of Panaccio et al., (2014) and Shahzad, Bashir, and Ramay, (2008). The second objective of this study is to examine the mediating effect of PAJO on the relationship between pay satisfaction and actual voluntary turnover. In pursuant of this objective, mediating hypothesis was tested. The result of the test of mediation showed that PAJO mediates the relationship between pay satisfaction and actual voluntary turnover. This study would want to argue here that the result of this study is potentially important as it suggests a distinct mechanism through which pay satisfaction affects actual voluntary turnover decisions. More so, the result of this study agrees with the study Hui and Law (1999) who found PAJO an important mediating variable.

Therefore, the results of the present study appear to provide some important insights for the university management, government, and practitioners. These insights are discussed from theoretical,

methodological and practical perspectives. Theoretically, the contribution of the present study lies in its ability to extend the insight on actual voluntary turnover to the public sector and in particular the higher educational institutions. This is so, because before this study, the focus of many studies that were undertaken on turnover was based on turnover intention and profit oriented organizations.

Notably, pay satisfaction has been established to have significantly and negatively influenced actual voluntary turnover. This result shouldn't have come anytime better than now that the public universities in Nigeria are grappling with the challenge of increasing high employee turnover. Thus, this study is able to reveal to the universities, the opportunity of curtailing employee actual voluntary turnover behaviour to the lowest minimum by reviewing their compensation policies and strategies. Likewise, prior studies have established that there is a relationship between pay satisfaction and actual voluntary turnover without confirming how and why this link exists, the present study contributes to knowledge by establishing how and why those linkages exist through the use of a mediator.

Methodologically, past studies on pay satisfaction and actual voluntary turnover utilized different analytical techniques but none of those studies to the best of knowledge of the researchers applies the use of SmartPLS 3.0 M3 (Ringle, Wende, & Becker, 2014) as an analytical tool to examine the mediating role of perceived alternative job opportunities on the relationship between pay satisfaction and actual voluntary turnover. From practical perspective, the study results will therefore benefit the management of the universities, practitioners and the government in Nigeria as well as able stakeholders design effective compensation and retention plans and strategies.

While the results of the present research offer further support to the hypothesized links between the exogenous and endogenous constructs, therefore, it would be worthy of note to acknowledge some of its limitations. There are four possible limitations to the study. *First*, the sample for this study came from only public universities, this makes generalizing the findings to other situations limited. This study can be extended to include the academics and non-academic of other higher educational institutions (HEIs). *Secondly*, the present study is conducted in only ten private universities situated in southern part of Nigeria. As a result, it may also be difficult to generalize the results of this study. For future research, a larger number of private universities and other higher educational institutions (HEIs) should be included to better represent the other HEIs and private sector of Nigeria, because engaging in actual voluntary departure is carried out by all categories of workers in organizations. *Thirdly*, this research did not include other stakeholders in the education sector particularly the university management as such, it may have offered a balance if views from the university management were involved. Therefore, future study should include multiple sources, such as university management, government to assess AVT. Finally, the present research was a cross-sectional in nature. As a result, conclusions regarding the causal nature of the study model cannot be made. Hence, future studies should also be undertaken using longitudinal study.

6. Conclusion

The current study was an attempt to explore perceived alternative job opportunities as a mediator on the relationship between pay satisfaction and actual voluntary turnover. The results of this study suggest that perceived alternative job opportunities mediate the relationship between pay satisfaction and actual voluntary turnover. This study also emphasizes the importance of pay satisfaction as an important predictor of actual voluntary turnover. Collectively, the results suggest that pay satisfaction and perceived alternative job opportunities are effective in reducing actual voluntary turnover.

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